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**'06 INFORMATION FOR PROSPECTIVE FRANCHISEES  
REQUIRED BY THE FEDERAL TRADE COMMISSION**

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TO PROTECT YOU, WE'VE REQUIRED YOUR FRANCHISOR TO GIVE YOU THIS INFORMATION. WE HAVEN'T CHECKED IT, AND DON'T KNOW IF IT'S CORRECT. IT SHOULD HELP YOU MAKE UP YOUR MIND. STUDY IT CAREFULLY. WHILE IT INCLUDES SOME INFORMATION ABOUT YOUR CONTRACT, DON'T RELY ON IT ALONE TO UNDERSTAND YOUR CONTRACT. READ YOUR ENTIRE CONTRACT CAREFULLY. BUYING A FRANCHISE IS A COMPLICATED INVESTMENT. TAKE YOUR TIME TO DECIDE. IF POSSIBLE, SHOW YOUR CONTRACT AND THIS INFORMATION TO AN ADVISOR, LIKE A LAWYER OR AN ACCOUNTANT. IF YOU FIND ANYTHING YOU THINK MAY BE WRONG OR ANYTHING IMPORTANT THAT'S BEEN LEFT OUT, YOU SHOULD LET Estrada Strategies KNOW ABOUT IT. IT MAY BE AGAINST THE LAW.

THERE MAY ALSO BE LAWS ON FRANCHISING IN YOUR STATE. ASK YOUR STATE AGENCIES ABOUT THEM.

Federal Trade Commission  
Washington, D.C. 20580



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'06 OCT 19 PT 39

**ESTRADA STRATEGIES FRANCHISE, INC**  
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**FRANCHISE OFFERING CIRCULAR  
FOR PROSPECTIVE FRANCHISEES**

Estrada Strategies Franchise, Inc. is offering a franchise where the franchisee will operate a business which provides training and behavioral modification services primarily to Entrepreneurs, presidents and other top business executives. These services are provided primarily through educational forums called ESTRADA STRATEGIES CEO Club.<sup>TM</sup>

The initial franchise fee is \$35,000 for a single location. The estimated initial investment required for an ESTRADA STRATEGIES CEO Club franchise ranges from \$43,338.95 for the low to \$ 77,206.95 for the high, to include the Area Development fee for two additional ESTRADA STRATEGIES CEO Club franchises.

Estrada Strategies also offers an Area Development Agreement within this UFOC where a franchisee may secure a specific area to develop a minimum of three (3) ESTRADA STRATEGIES CEO Club territories. The Area Development fee required to be paid at the time of signing the Area Development Agreement, will be a \$5,000 deposit towards each additional franchise to be developed within the development area agreed to by Estrada Strategies and the Area Developer Franchisee. The franchise fee for the second Estrada Strategies CEO Club will be \$30,000 and then \$25,000 for the third and each subsequent franchise to be established within the Development Area. There are no additional fees to be paid prior to the franchisee opening the second and subsequent areas according to the Area Development Agreement schedule at the time of signing the Area Development Agreement. (See Exhibit C)

**Risk Factors:**

- 1. THE FRANCHISE AGREEMENT PERMITS YOU TO ARBITRATE ONLY IN THE STATE OF CALIFORNIA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH THE FRANCHISOR IN CALIFORNIA THAN IN YOUR HOME STATE.**
- 2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**
- 3. THE FRANCHISE AGREEMENT REQUIRES YOU TO BRING SUIT IN CALIFORNIA. CERTAIN STATE LAWS MAY SUPERSEDE THIS PROVISION. SEE EXHIBIT E (State Specific Addendum), IF THIS IS REQUIRED BY YOUR STATE.**
- 4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

Information comparing franchisors is available. Call the state administrators listed in your public library for sources of information.

Registration of this franchise with the state does not mean that the state recommends it or has verified the information in this offering circular. If you learn anything in this offering circular is untrue, contact the Federal Trade Commission.

**Effective Date:**

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Receipt

**ITEM 1**  
**THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES**

**The Franchisor and Our Predecessors**

To simplify the language in this Franchise Offering Circular “we,” “our,” “us” and “Estrada Strategies,” means Estrada Strategies Franchise, Inc., the Franchisor. “You” means the person, corporation, partnership or other entity who buys the franchise, the Franchisee. If a corporation, partnership or other entity is the Franchisee, “You” includes the Franchisee’s owners. Estrada Strategies is a California corporation that was incorporated on the September 11, 2006 as an “s” corporation for the primary purpose of offering and supporting franchisees of Estrada Strategies. Our principal business address is 3400 Inland Empire Boulevard, Suite 101, Ontario, California 91761.

Estrada Strategies agent for service of process is disclosed in the acknowledgment of receipt and Exhibit D, of this Franchise Offering Circular.

**Predecessors and Affiliates**

Estrada Strategies has no predecessors and was created to offer franchises for a business similar to the business operated by Estrada Strategies, LLC (“ES LLC”), a Delaware limited liability company that was formed on December 5, 2000, and owned by Ruben Estrada our President. ES LLC has operated a similar business to the one being franchised since December, 2000, in the state of California. Estrada Strategies has not previously offered franchises in this or any other line of business; and does not intend to offer franchises in the future. However, ES LLC signed a license agreement for one (1) independent licensee operating a substantially similar business to Estrada Strategies in Tennessee. The existing licensee will be afforded the opportunity to convert to becoming a franchise substantially similar to the franchise being offered by Estrada Strategies. ES LLC owns the marks used in the operation of the franchises offered here and has licensed the marks to us as described in Item 13. ES LLC is wholly owned by the owner of Estrada Strategies and it is the intent of Estrada Strategies to incorporate the experience, business practices and methods utilized by ES LLC in its future business operations with its franchisees. Estrada Strategies will remain affiliated with ES LLC in order to provide such assistance and for the benefit of its experience as is practical.

Other than the relationship Estrada Strategies has with ES LLC, there are no predecessors or other affiliates.

**The Franchise Offered**

Estrada Strategies is a franchising company which sells and grants franchises for the operation of ES CEO Clubs known as The ESTRADA STRATEGIES CEO Club (ES CEO Club(s)). ES LLC currently operates one ES CEO Club which is substantially similar to the franchise being offered by Estrada Strategies.

Estrada Strategies franchises or authorizes you to use the trademarks of and to operate an ES CEO Club. An ES CEO Club provides training and behavioral modification services to entrepreneurs, presidents and other top business executives. We primarily do this through continuing educational forums called Estrada Strategies CEO Clubs (ES CEO Club). As a franchisee, you (or someone designated by you and approved by us, called a “Facilitator”) will be authorized to solicit ES CEO Club Members (sometimes “Members”), conduct ES CEO Club meetings, and provide training and behavioral modification services to these Members at these meetings. Currently, the services you will provide focus on six specific business disciplines divided into 24 separate training modules. We franchise these rights under the agreement attached as Exhibit B (the “Franchise Agreement”). You must operate your ES CEO Club according to the standards, specifications, procedures and business format created, developed and designated by us at an approved location (the “Premises”) within a Designated Market Area (the “DMA”).

You will operate your ES CEO Club utilizing our business formats, methods, procedures and training materials (the “System”) under certain trademarks, service marks and other commercial symbols which we may periodically designate including, without limitation, “Estrada Strategies CEO Club” and the “Executive Maturity Curve,<sup>TM</sup> (the “Marks”).

Your customers/Members will be primarily entrepreneurs, presidents and top business executives of companies of all sizes.

We have never offered franchises in this or any other line of business prior to this offer. We will begin granting franchises in November, 2007. The effective date of this Offering Circular for certain state(s) is listed on Exhibit A.

Estrada Strategies remains competitive by continuous coaching and training with all franchisees.

Franchise territories consist of Six Thousand and Five Hundred (6,500) licensed businesses in the Territory. Estrada Strategies will only establish one franchisee per territory as defined in this paragraph and called the DMA.

### **Franchise Agreement**

Estrada Strategies offers to enter into franchise agreements (“Franchise Agreements”) (included as Exhibit B to this offering circular) with qualified legal entities and persons (“you”) that wish to operate ESTRADA STRATEGIES CEO Club franchise.

Under a Franchise Agreement, Estrada Strategies will grant you the right (and you will accept the obligation) to operate ESTRADA STRATEGIES CEO Club franchise in an agreed-on Designated Marketing Area (the “DMA”). (In this offering circular, the term “Franchised Business” means ESTRADA STRATEGIES CEO Club franchise; franchised to you under a Franchise Agreement.)

If you are not an individual, then you must designate one of your owners, who must be an individual person with at least a ten percent ownership interest in the franchisee entity, and who must be reasonably acceptable to Estrada Strategies (the “Designated Principal”), to be involved in the general management of your Franchised Business; even if you hire a manager to handle the day to day operations of the franchise..

### **Area Development Agreement**

Estrada Strategies may also offer an area development agreement (the “Area Development Agreement”) (included as Exhibit C to this offering circular) with qualified corporations and persons (an “Area Developer”), which grants the right to establish and operate a specified number of ES CEO Club franchises in a specified area (the “Development Area”) at specific locations that must be approved by Estrada Strategies, each under a separate Franchise Agreement. Estrada Strategies will enter into Development Agreements under which at least three ES CEO Club franchises will be developed by an Area Developer.

Area Developers must open each ES CEO Club franchise, following the Development Schedule set forth in Exhibit A to the Development Agreement. The Area Developer must exercise each development right by itself executing a Franchise Agreement for the establishment and operation of an ES CEO Club franchise.

### **Industry-Specific Regulations**

While we are not aware of any regulations specific to the industry, there may be laws or regulations in your state which apply to providing educational courses of a commercial basis. Additionally, your franchise may be subject to federal, state and local laws, regulations and guidelines relating to consumer protection and/or “truth in advertising.” You may also be subject to general laws relating to businesses, including those relating to employment, labor and taxes. Please consult your lawyer about all of these laws, rules and regulations.

You must comply with all local, state, and federal laws that apply to your Franchised Business’s operations, including for example; discrimination, employment, and sexual harassment laws. If you lease space for your franchise business, if applicable under the Americans with Disability Act of 1990 that requires readily accessible accommodation for disabled persons and therefore may affect your building site elements, entrance ramps, doors, bathrooms, drinking facilities, etc. You will be responsible for obtaining any applicable real estate permits (e.g., zoning), real estate licenses, and operational licenses that may be required in your local area. This business cannot be operated from a home based office.

## **Competition**

You will compete with existing and other businesses performing similar services on a national or regional basis.

- The Executive Club (TEC)
- The Alternative Board (TAB)
- Professional Roundtable Organization (PRO)

## **ITEM 2 BUSINESS EXPERIENCE**

The following is a list of our directors, officers, and other executives who have responsibility for the franchise program.

### **President and Chief Executive Officer: Ruben A. Estrada**

Ruben has been the President and Chief Executive Officer of Estrada Strategies Franchise, Inc. since its date of incorporation, September 11, 2006. Ruben has also been the President and Chief Executive Officer of our affiliate, Estrada Strategies, LLC since its date of incorporation, December 5, 2000.

### **Director of Marketing & Client Services: Linda Gellis**

Linda has held her position with Estrada Strategies, LLC since April, 2002 and her current position with Estrada Strategies Franchise, LLC since September 11, 2006. Prior to joining Estrada Strategies, Linda worked with the Ontario California Chamber of Commerce as the Director of Business Relations and Events from August 1999 to April 2002. From June 1995 to May 1999 Linda was the co-owner of an automotive & towing company located in Covina, CA.

### **Director of Business Development: Mark Estrada**

Mark has held his position with Estrada Strategies Franchise, Inc. since September 11, 2006; and is also the Director of Business Development for Estrada Strategies, LLC, since August, 2004. Prior to joining Estrada Strategies, Mark held the position of District Service Manager with Aramark Uniforms in Sylmar, CA and Paramount, CA from July 2001 until joining Estrada Strategies; and with Cintas Uniforms in Whittier, CA as District Manger, from September 1999 until July 2001.

## **ITEM 3 LITIGATION**

No litigation is required to be disclosed in this offering circular.

## **ITEM 4 BANKRUPTCY**

No person previously identified in Items 1 or 2 of this Offering Circular has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be discussed in this Item.

## **ITEM 5 INITIAL FRANCHISE FEE**

### **Initial Franchise Fee**

All franchisees pay a \$35,000 lump sum franchise fee ("Franchise Fee") when they sign the Franchise Agreement. We use proceeds from the Franchise Fee to defray a portion of our expenses in connection with the sale and establishment of franchises, such as (1) costs related to developing and improving our services; (2) expenses of preparing and registering this offering circular; (3) professional fees; (4) costs of obtaining and screening franchisees; and (5) general administrative expenses.

If you hire a Facilitator to manage the franchise and facilitate the coaching and training sessions, your Facilitator must be approved by us. Either you, or someone you designated as the Facilitator, must attend our Estrada Strategies CEO Club Initial Training Program (“Initial Training”) within 3 months of signing the Franchise Agreement.

If we determine that you or the person you designate has failed to satisfactorily complete Initial Training, we will require that you immediately hire a substitute Facilitator and arrange for his or her completion of the Initial Training to our satisfaction.

You will also be required to purchase an initial package of marketing materials from us as follows:  
 A minimum of five (5) Estrada Strategies Posters (motivational posters to put in your office and/or sell to clients) at \$75 per poster (\$375); Letterhead, Envelopes and Business Cards (500 each) (approximately \$550 total at the current pricing schedule); 500 Direct mail postcards for the 4-step direct mail campaign at the current price of \$440 and 200 Gold Coins with the Estrada Strategies CEO Club logo on one side and the letters TUIT on the other side, at the current price of \$1.35 per coin (\$270 total). This initial marketing package is included in the Item 7 – Initial Investment chart.

All fees are uniform. All fees and deposits are non-refundable.

**Area Development Fee**

If you are going to be an Area Developer, and agree to develop a minimum of three franchises, then you will sign an Area Development Agreement and pay us an area development fee (the “Area Development Fee”). The amount of the Area Development Fee will depend on the number of ES CEO Club franchises to be developed under the Development Agreement, and will be calculated as follows: \$35,000 for the first ES CEO Club franchise, \$5,000 deposit towards the second ES CEO Club franchise fee of \$30,000, and \$5,000 deposit for each subsequent ES CEO Club franchise fee of \$25,000 to be opened under that agreement. The Area Development Fee will be due in a lump sum on the signing of an Area Development Agreement. The Area Development Fee is fully earned and non-refundable regardless of whether you enter into a Franchise Agreement for any of the Franchised Business, in consideration of administrative and other expenses we incur in entering into the Development Agreement, and for our lost or deferred opportunity to enter into the Development Agreement with others. (Section 4.1 of the Area Development Agreement)

If you meet our obligations under the Development Agreement and are not otherwise in default under any other agreement with us, you will pay the balance of \$25,000 for the second and \$20,000 for each subsequent ES CEO Club franchises, at the time of signing each subsequent franchise agreement according to the development schedule as outlined and agreed to in Exhibit A – Data Sheet, to the Area Development Agreement. You must sign a Franchise Agreement for each Franchised Business under the Development Agreement at the time you pay the balance to us, and we will credit the portion of the Area Development Fee that you paid attributable to that Franchised Business towards the Franchise Fee due for that Franchised Business. The Franchise Fees and Area Development Fees are uniform.

**ITEM 6  
OTHER FEES<sup>1</sup>**

<b>NAME OF FEE</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Royalty Fee	Greater of 30% of total Gross Revenue or minimum royalty. (See Royalty reduction scale). <sup>2</sup>	Monthly on the 6 <sup>th</sup> of each month following the month due. <sup>3</sup>	Gross Revenue means all dues, fees, charges and other income from the Franchise. <sup>3</sup> You will be responsible for invoicing and collecting from your members. <sup>4</sup>

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Training of Additional Persons <sup>5</sup>	Then-current charges, currently \$100 per additional person per day	On demand.	Initial Training furnished to additional people, schedule permitting.
Additional Training Programs <sup>6</sup>	Then-current charges, currently \$500 per person, per day.	On demand.	Additional training after the initial training has been attended by you and one additional person.
Transfer	\$10,000 Transfer Fee	Before transfer.	Payable by you or transferee. No charge if franchise transferred to a corporation or limited liability company which you control.
Transfer Referral Fee	Greater of 6% of sales price or \$25,000 Franchisee will pay broker if one is involved in the sale See above for training of new franchisee	Before transfer.	If you request, we will assist in finding a transferee for you. If you sell to a buyer we find, you will owe us the greater of 6% of sale price or \$25,000. The \$10,000 transfer fee will also be owed to us.
Renewal	\$2,500	Before renewal.	See Section 2.2.5 of the Franchise Agreement.
Early Termination Fee	Liquidated damages equal to the present value (using the then-current 30-Year Treasury Bond rate) of the Service Fees Franchisee would have paid Franchisor for the number of months remaining in the Franchise Agreement had Franchisor or Franchisee not terminated it.	Cashier's check paid immediately upon termination	Only applies if we terminate you under Paragraph 14 of the Franchise Agreement or you terminate without cause
Audit	Cost of audit plus cost of yearly independent auditor's report on financial statements.	On demand.	Payable only if there is an understatement of Gross Revenues or if audit is made necessary by your failure to furnish reports on time.
Late fees	1.5% per month; plus 10% of overdue amount.	Immediately	If any payments due us are not paid within five (5) days of due date.
Insurance <sup>7</sup>	Amount of premiums for the insurance required by Paragraph 10.J of the Franchise Agreement	Upon invoice	If you fail to buy required insurance, we may buy it for you and you must reimburse us.
Indemnification	You must pay us amounts we incur for any claims from your operation of the Business or misuse of the Marks.	On demand	You must defend, indemnify and hold us harmless. Includes all costs of defense of claims.
Management Fee	Up to 60% of Gross <u>Billed</u> Revenues if we must appoint a manager on your behalf.	Upon invoice.	If you are unable to manage the business for any reason.
Intranet and Software Support Fee <sup>8</sup>	\$159 per month, per user for the Intranet	Monthly upon invoice	Intranet and proprietary software that manages contact relationships, on-line document storage, calendar, intra company communications, Operations manuals online and company relations.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Subscriptions	\$29.95 per month	Monthly upon invoice	Presenternet.com is the company that hosts live interactive webinars/seminars over the web for the CEO clubs Teleclub.
Marketing Materials <sup>9</sup>	Approximately \$300-500 per month	Upon Invoice	Letterhead, envelopes, business cards; Direct mail postcards, posters and Round TUIT Gold coins w/logo.
Local Advertising	Not to exceed \$300 per month	As agreed	May be required in the future.
Local Telephone and On-line Directories	Varies	As agreed	You must advertise in local directories and pay the local directories directly.
National Ad Fund <sup>10</sup>	Not to exceed \$300 per month	Due on the 10 <sup>th</sup> . day of each month due	May be activated in the future; and if so, will be payable by direct debit. Exhibit D
Fees for Electronic Fund Transfer Payment Program	Sums assessed by banks	Upon invoice	
Fees for Credit Card Charges <sup>11</sup>	Sums assessed by credit card companies	Upon invoice	

**NOTES TO ITEM 6:**

<sup>1</sup> All Fees are imposed by and payable directly to us at our corporate headquarters. All Fees are paid via Credit Card on file or Checking account funds direct draft. Unless otherwise noted, these fees are non refundable.

<sup>2</sup> You will charge your Members an initial enrollment fee and then subsequent monthly fees. With respect to the initial enrollment fee, you will pay to us for each new enrolled Member, a royalty fee equal to the greater of 30% of the enrollment fee or \$1,200. With respect to each Member's subsequent monthly fee, you shall pay us, each month, for each Member, the greater of a royalty of 30% of the monthly fee or \$222.22. With respect to Teleclub subscriptions of \$600 per year for each Member, 30% of the fee. (When monthly reoccurring Royalties exceed \$4,000.00 then the member royalty fee is reduced to \$175.00 per member above \$4,000.00. When Monthly reoccurring Royalties exceed \$6000.00 then the member royalty fee is reduced to \$125.00 per member above \$6,000.00)

You are required to pay us a "Minimum Royalty Fee" of \$500 per month for months 3-12 after the opening of your Franchise Unit; \$1,000 for months 13-36 after the opening of your Franchise Unit; and \$1,500 thereafter through the term of the Franchise Agreement.

<sup>3</sup> "Gross Revenues" means the entire amount of all dues, fees, charges and other income of the Franchise Unit (whether or not received by us on your behalf from all Members from the operation of the franchise) or in any way related to the franchise as fully described in Paragraph 9.C of the Franchise Agreement.

<sup>4</sup> We (or our designee) will not bill the Members of your Franchise Unit for services rendered by you or though the Franchise Unit. You will bill all Members on your behalf and they will pay all fees and other charges by credit card or Checking Account Drafting directly to you. If any Member(s) pays any monies to you directly, you shall, within 7 days, notify us of such payment and remit the royalty fee owing to us. In the event that the fees we receive from your members during a calendar quarter are not sufficient to support payment of the Minimum Royalty Fee, we will bill you for the difference and you must pay to us directly this amount upon receipt of the invoice.

We will not charge you for the billing services outlined above. However, if you create a complicated fee structure, have specialized billing arrangements or your activities require above average administrative billing

actions on our part (i.e., one or more of the members fails to remit dues payments on receipt of invoice in accordance with our standard terms which you must communicate to the members, as part of the enrollment process), we have the right to charge you a fee for these billing services. You or your Members shall be responsible for all NSF (non-sufficient funds) and/or other related merchant service fees. All collection efforts shall be controlled and completed by you.

<sup>5</sup> The Initial Program is provided to you or the manger of the Franchise Unit and one other person who will be operating the Franchise unit as part of your Training/Support Materials Fee. You are responsible for all expenses, including travel, room, board, local transportation expenses and your wages and the wages of your managers and other agents or employees incurred in attending Initial Training. Currently, we charge a fee of \$100 for each additional person you bring to the initial training program, space and schedule permitting.

<sup>6</sup> If you request us to train an additional person or new manager, after you and your first manager attended the initial training program included with the franchise fee, we will charge a fee of \$500 per person, per day to attend a new training session. You are responsible for all expenses, including travel, room, board, local transportation expenses and your wages and the wages of your managers and other agents or employees incurred in attending the new training session(s).

<sup>7</sup> As set forth in the Franchise Agreement, your insurance coverage must cover us, our affiliates and successors, as well as our respective directors, officers, employees, agents, shareholders, designees, contractors, representatives and assigns.

<sup>8</sup> You will be required to use the Estrada Strategies Franchise Intranet for Data Base Management, Financial management, document management and intra-company communication. Estrada Strategies Franchise, Inc., will use the Intra-net for franchise wide marketing, royalty management, financial reporting/benchmarking, communications and franchise coaching.

<sup>9</sup> You will need to maintain an adequate supply of stationery to include – letterhead, envelopes and business cards for correspondence; direct mail postcards, and marketing supplies to give or sell to your clients, to include – posters and the Gold Round TUIT coins with our Logo on one side and the words TUIT on the other side.

<sup>10</sup> At such time that we activate the National Ad Fund (when there are at least 20 franchisees), you will be required to participate and pay the minimum monthly fee, not to exceed \$300 per month.

<sup>11</sup> There may also be a service fee for credit card charges or checking account drafting made by you or you're Franchise Members. The service fee does not apply to credit card charges that we process for you.

**AREA DEVELOPER - OTHER FEES<sup>1</sup>**

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Training Assistance	Then-current charges, currently \$500 per person, per day.	On demand.	Additional training and assistance you request.
Transfer	\$10,000 Transfer Fee	Before transfer.	Payable by you or transferee. No charge if franchise transferred to a corporation or limited liability company which you control.
Transfer Referral Fee	Greater of 6% of sales price or \$25,000 Franchisee will pay broker if one is involved in the sale See above for training of new franchisee	Before transfer.	If you request, we will assist in finding a transferee for you. If you sell to a buyer we find, you will owe us the greater of 6% of sale price or \$25,000. The \$10,000 transfer fee will also be owed to us.

**ITEM 7  
INITIAL INVESTMENT**

DESCRIPTION	ESTIMATED AMOUNT	METHOD OF PAYMENT	WHEN DUE	WHETHER REFUNDABLE	TO WHOM PAYMENT IS TO BE MADE
Franchise Fee <sup>1</sup>	\$35,000	Lump Sum	Upon Signing of Franchise Agreement	No	Us
Area Development Fee <sup>2</sup>	-\$0- 10,000	Lump Sum	Upon signing the Area Development Agreement	No	Us
Support Materials Fee <sup>3</sup>	\$1,650-2,000	Lump Sum	Upon Signing of Franchise Agreement or 30 days prior to opening	No	Us
Travel/Living Expenses for Training <sup>4</sup>	\$500-3,000	As Incurred	As Incurred	Not normally	Third Parties
Rent <sup>5</sup>	\$500-2,000	As Incurred	Monthly	Supplier approval	Third Parties
Security Deposit <sup>6</sup>	\$500-2,000	As Incurred	As Incurred	Supplier approval	Third Parties
Utility Deposits <sup>7</sup>	\$100-500	As Incurred	As Incurred	Supplier approval	Third Parties
Equipment/Fixtures <sup>8</sup>	\$0-2,000	As Incurred	As Incurred	Supplier approval	Third Parties
Computer System <sup>9</sup>	\$0-3,000	As Incurred	As Incurred	Supplier approval	Third Parties
Software <sup>10</sup>	\$0-1,000	As Incurred	As Incurred	Supplier approval	Third Parties
Business Licensing, Legal, Accounting <sup>11</sup>	\$500-2,500	As Incurred	As Incurred	Unknown	Third Parties
Phones and Internet Service <sup>12</sup>	\$100-300	As Incurred	Monthly	Supplier approval	Third Parties
Intranet Service <sup>13</sup>	\$159-477	As invoiced	In Advance	No	Us or Third Parties
Subscriptions <sup>14</sup>	\$29.95	As Incurred	As Incurred	Supplier approval	Third Parties
Insurance Deposit <sup>15</sup>	\$100-400	As Incurred	As Incurred	Supplier approval	Third Parties
Initial Advertising <sup>16</sup>	\$200-1,000	As Incurred	As Incurred	Supplier approval	Third Parties
Marketing/Networking <sup>17</sup>	\$1,000-2,000	As incurred	As Incurred	Supplier approval	Third Parties
Additional Funds <sup>18</sup>	\$3,000-10,000	As Incurred	As Incurred	Unknown	Third Parties
Estimated Initial Investment <sup>19</sup>	\$ 43,338.95- \$ 77,206.95				

**Explanatory Notes**

<sup>1</sup> **Franchise Fee** - The Franchise Fee is \$35,000 for the first franchise purchased. If you decide to purchase a second or subsequent franchise, you will pay the price for the second/subsequent franchise units in effect at that time which may be higher than \$35,000, unless you have signed an Area Development Agreement with your first franchise.

<sup>2</sup> **Area Development Fee** - The Area Development Fee shown in the chart above represents the minimum of 2 additional ES CEO Club franchises to be developed and opened by you in a specific territory if you choose to become an Area Developer. The -0- represents no additional franchises and the high represents the minimum of two additional franchises. A portion of the Area Development Fee will be credited against the Franchise Fee for the Franchised Business to be developed in order to satisfy the Development Schedule. The Franchise Fee and Area Development Fee are fully non-refundable. See Item 5 for further details regarding the Franchise Fees and Area Development Fees. At the time you sign the single unit franchise agreement and the area development agreement,

you will only be required to pay the initial fee and the deposits on the two additional franchises. You will not incur additional expenses other than those listed in the above chart until such time that you prepare to open the second and each consecutive franchise according to the development schedule. We do not provide financing for any of these fees.

<sup>3</sup> Support Materials Fee - You will be required to purchase an initial package of marketing materials from us as follows: A minimum of five (5) Estrada Strategies Posters (motivational posters to put in your office and/or sell to clients) at \$75 per poster (\$375); Letterhead, Envelopes and Business Cards (500 each) (approximately \$550 total at the current pricing schedule); 500 Direct mail postcards for the 4-step direct mail campaign at the current price of \$440 and 200 Gold Coins with the Estrada Strategies CEO Club logo on one side and the letters TUIT on the other side, at the current price of \$1.35 per coin (\$270 total). This will be ordered on line from our web site and will be shipped direct to you by our preferred vendors.

<sup>4</sup> Travel/Living Expenses for Training - These costs will vary depending on factors such as mode of travel, distance traveled to training and quality of hotel accommodations selected by you. The low represents the estimates for one person from a close proximity to our training location and the high represents the estimates for two people traveling with air fare.

<sup>5</sup> Rent - You are required to establish an official place of business. The minimum space requirements for your office are 10X20 square feet. While you may purchase office space, we recommend that you lease office space and, if possible, lease an office, conference room and other services available through executive office suites or similar type arrangements. The above estimate reflects a range of lease costs through such services. Traditional commercial business leases may require build-outs and/or cost much more. Because real estate and lease costs vary widely, we are unable to provide very meaningful cost estimates. We will not approve a home address, or anything that resembles a non-business address, post office box locations or other box addresses as a legitimate address for the Franchise Unit.

<sup>6</sup> Security Deposit - Most office spaces will require a minimum security deposit that is normally based on your monthly rent.

<sup>7</sup> Utility Deposits - As outlined in #5 above, we recommend that you lease office space through executive office suites or similar type of arrangements. Normally, the rent will include your utilities and you may not have to pay any deposits to have them turned on in your office. If you rent from a different type of commercial location, you may be responsible for paying deposits and utility costs prior to opening for business as agreed to between you, your landlord and the utility companies.

<sup>8</sup> Equipment and Fixtures - Depending on your leasing agreement with your landlord, your rent may include office furniture and file cabinets. If it does not, and you do not already own a professional desk and office equipment, you may be required to lease or purchase these items to outfit your office in a professional manner.

<sup>9</sup> Computer System - You are required to have a computer system, printer and high-speed cable/DSL access to the Internet that permits you to perform your obligations and services to Members; that meets our standards and specifications. See Item 11 for details on computer requirements.

<sup>10</sup> Software - We will provide you, at no additional charge, certain software for the operation of your Franchise Unit. We may change software requirements at any time and at our sole discretion. This means that you may need to purchase certain required software in the future. You will need to have Microsoft Office Suite Professional installed on your computer system.

<sup>11</sup> Business Licensing, Legal, Accounting - You must comply with all state and local laws, including those requiring persons and entities doing business within a state or locality to qualify to do business and, if applicable in your situation, laws governing corporations or other business entities. You will incur costs to comply with these laws. These costs will vary from region to region and will also depend upon the form in which you do business (for example, as a sole proprietor or as a corporation).

<sup>12</sup> Phones and Internet Service – You will need to have a business line for the franchise. You are required to subscribe to an Internet Service Provider (“ISP”) offering cable, DSL or some other form of high speed Internet. We recommend a high quality, reliable and nationally recognized ISP. We reserve the right to specify a mandatory ISP at any point in the future, and we reserve, in our sole discretion, the right to prohibit the use of specific ISPs whose level of service/method of operation may not be acceptable to us.

<sup>13</sup> Intranet Service - We have established a Franchise Support System through a system wide Intranet that uses proprietary software. You are required to subscribe to this service and it is mandatory that you check the Intranet at least once each business day and appropriately respond to all communications. The chart shows the current pricing for the Intranet Service listed with the low representing one user per month and the high figure representing 3 users per month.

<sup>14</sup> Subscriptions – You are required to subscribe to Presenternet.com at the current monthly subscription fee of \$29.95 per month for the hosting of live interactive webinars and seminars over the web. This program is used with the Teleclub, which is a lighter version of the CEO Club and outlined in the Operations Manual.

<sup>15</sup> Insurance Deposit – The estimate represents an initial deposit for the coverage necessary to operate the business and represents approximately 3 months of coverage. Insurance costs will vary depending on factors such as the size and location of the Franchised Business. Your obligations with respect to insurance are more fully described in Item 8.

<sup>16</sup> Initial Advertising - The amount shown is for advertising to be conducted in connection with the opening of your franchise and does not include any contributions to the Advertising Fund. The opening advertising plan is to be approved by us and will be payable to third party suppliers.

<sup>17</sup> Marketing/Networking – You are required to invest a minimum of \$300 per month in marketing and networking functions. Following completion of your Initial Training, you will need to spend a minimum of \$300 the first full month and then ongoing. This minimum marketing investment will be required for 12 consecutive months, or the investment of \$3000, or through the generation of 10 active paying Estrada Strategies CEO Club Members, whichever occurs first. This represents industry associations, chamber of commerce, and other similar networking associations in your area.

<sup>18</sup> Additional Funds - You are required to have from \$3,000 to \$10,000 as initial additional funds for start-up expenses and miscellaneous operating costs for approximately 3 months. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. The additional funds requirements depend on several factors including, location of your office, number of employees, and other economic factors. This estimate does not include any amount for your salary or draw during that 3-month period. We relied on our founders experience in setting up and operating a business of this type to complete this estimate. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

<sup>19</sup> Estimated Initial Investment - This represents an estimate of the expenditures you will need to make to purchase the Franchise and operate during the first 3 months. We do not offer direct or indirect financing to franchisees for any item. None of the fees paid to us are refundable except as expressly stated in Item 5.

All total investment figures represent approximate costs based on the size of your area of operation, location and if you sign an Area Development Agreement. A lower cost franchise does not include the Area Developer Agreement being signed; you owning the suggested office furniture, computer and fixtures. The high costs franchises require higher office rents and deposits, possible interior renovations, furniture, equipment costs, employee salaries and other related expenditures. Additionally, if you sign the Area Developer Agreement, you will agree to open a minimum of 2 additional Outlets and be required to pay the initial deposits on each one at the time of signing the Area Development Agreement. We have based the listed expenditures, estimated figures and additional funds in the above chart on prior and present experience of our founder, who currently owns and operates a similar business since franchise since December 2000 in California. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on factors such as the

availability of financing generally, your credit worthiness, collateral you may have and lending policies of financial institutions. The estimate does not include any finance charge, interest or debt service obligation.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You must purchase your CEO Club manual/workbooks, letterhead, envelopes, business cards, posters, direct mail postcards and Gold TUIT coins according to our specifications from us or our approved suppliers only. These specifications include quality of paper and card stock, inks used for logo art work, poster stock and metal stock for coins; standards for delivery, performance, design and appearance. At the present time, we or our approved suppliers are the only approved suppliers of the listed products. We are a new franchisor and we are unable to provide you with an accounting of any revenues that we may earn in the future once we have active franchisees in the system. The cost of these products purchased in accordance with specifications represents 10% of your total purchases in connection with establishment of your franchise.

If you would like to purchase these items from another supplier, you may request our "Supplier Approval Criteria and Request Form." Based on the information and samples you supply to us and your payment of a \$500 fee, we will test the items supplied and review the proposed supplier's financial records, business reputation, delivery performance, credit rating and other information. Our review typically is completed in 30 days.

You will conduct your coaching, training and client monitoring according to our guidelines as outlined in the Operations Manual and will not veer from the structure and guidelines we provide to you, without our prior written consent. You will not use any other workbooks but the ones we provide to you prior to the beginning of each client's CEO Club training. These services are considered Proprietary Assets of Estrada Strategies and we are the only approved supplier of the services listed in this paragraph.

The proprietary software (Estrada ERP) that is owned by our affiliated company ES LLC, manages the Intranet through our preferred supplier, currently Technica, from the contact relationship management (CRM) to your financials; links your data base, financials and online franchise specific document management and storage; manages your calendar, on-line operations manual, intra company communications, relationship management and your links on our Estrada Strategies Website. Under the terms of the franchise agreement (Section 7.1.2), you agree to register and use these services during the term of the franchise agreement. The monthly user fee for the Intranet is presently \$159 per user, per month.

Other than the required purchase of the goods and services listed in the above paragraphs, we do not presently have any other required specifications and do not currently negotiate purchase arrangements with other suppliers or vendors to obtain price terms or any other benefits of a buying cooperative for our franchisees for equipment, goods, fixtures, computer hardware and software or real estate relating to the establishment or operation of the franchised business.

#### **Computer and Other Hardware**

You are required to own or purchase certain computer equipment and peripherals for use in your business. We do not require any brand name equipment or any specific supplier but will require that you provide us with a list of the equipment you have purchased, or have available for your use during the operation of the franchised business. The minimum requirements for your computer system is as follows:

**Computer** – Pentium Processor 4 CPU – 2.40 GHz with a minimum of 512 MB RAM; **Color Monitor**; **Software** – Microsoft ® Windows XP Professional and Microsoft Office Suite® Professional installed on the system; **Printer** – Black and White or Color with a minimum of 600 rendered dpi black and 1200 optimized dpi color; Fax machine with a minimum 33.6 K Modem. (HP Officejet 7410 All-in-One or similar Multi use printer will cover all of your needs for the printer, fax and copier, but is not a required item) You will also need to have cable or high speed internet hookup for accessing the internet and Intranet.

## Insurance

You must at all times during the term of the franchise maintain in force at your sole expense: (1) property insurance on a replacement cost basis at minimum limits based on the total value of your assets (including, but not limited to, fire, extended coverage, vandalism and malicious mischief); (b) primary general liability insurance with a minimum limit of \$1,500,000 (including, but not limited to, coverage for personal injury, products and contractual liability); (c) primary automobile liability insurance with a minimum limit of \$1,500,000 (including, but not limited to, owned automobiles, titled or leased in your name and the name of your owners and used at any time, whether principally or occasionally in the business); and (d) worker's compensation insurance (in your name) as required by applicable law. If no such law exists, then you must participate in such other comparable insurance as required by us. If your state recognizes and permits self-insurer programs, your participation in such a program will satisfy our requirements under Paragraph 14.1(d) of the Franchise Agreement. If deductible plans are approved and used in your state, coverage may be purchased on this basis subject to the requirements of your insurance carrier. All insurance policies must be issued by an insurance carrier rated A, or better by Alfred M. Best & Company, Inc. All liability insurance policies must name us, and any subsidiaries and affiliates which we designate, as additional insureds entitled to the coverage afforded to all named insureds, without regard to the other insurance or self-insured program which we may have in effect, and must also provide that we receive thirty (30) days prior written notice of termination, expiration, cancellation, modification, or reduction in coverage or limits of any such policy. We may also reasonably increase the minimum liability "limit" protection requirement annually and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards in public, product or motor vehicle litigation or other relevant changes in circumstances. Prior to opening, and annually thereafter, you must submit to us a copy of the certification of or evidence of the renewal or extension of each such insurance policy or any modifications to any such insurance policy, which must describe the applicable deductibles for each such policy.

Except as described above, we will not derive revenue as a result of your purchases or leases in accordance with our specifications or standards or from approved suppliers. We provide no material benefits to franchisees based on their use of approved suppliers.

## **ITEM 9 FRANCHISEE'S OBLIGATIONS**

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS OFFERING CIRCULAR.

<b>Obligation</b>	<b>Section(s) in Franchise Agreement</b>	<b>Section(s) in Development Agreement</b>	<b>Item in Offering Circular</b>
(a) Site selection and acquisition / lease	5	3.2	7 & 11
(b) Pre-opening purchases/leases	5	None	7 and 8
(c) Site development and other pre-opening requirements	5	3.2	8 and 11
(d) Initial and ongoing training	6	8.2	11
(e) Opening	5	None	11
(f) Fees	4 and 13	4	5 and 6
(g) Compliance with standards and policies/Operating Manual	8, 10, and 13	5	8, 11, and 14
(h) Trademarks and proprietary information	8.8, 8.10, 9, and 10.2	1.4	13 and 14

Obligation	Section(s) in Franchise Agreement	Section(s) in Development Agreement	Item in Offering Circular
(i) Restrictions on products/services offered	1.3 and 8.6	1	5, 8 and 16
(j) Warranty and customer service requirements	23	None	16
(k) Territorial development and sales quotas	1 and Exhibit A	None	12
(l) On-going product/service purchases	8	None	8
(m) Maintenance, appearance and remodeling requirements	5 and 8	None	8
(n) Insurance	14	None	7 and 8
(o) Advertising	12	None	6, 7, 8, and 11
(p) Indemnification	21.4	12.4	None
(q) Owner's participation / management and staffing	8.3 and 8.4	None	15
(r) Records/reports	12	5.3 and 5.4	6
(s) Inspections/audits	8.9	None	6 and 11
(t) Transfer	15	7	17
(u) Renewal	2.2	None	17
(v) Post-termination obligations	18.3 and 1.7	6.6	17
(w) Non-competition covenants	18	8	17
(x) Dispute resolution	27	16	17

**ITEM 10  
FINANCING**

Estrada Strategies does not offer direct or indirect financing, nor do we guaranty your notes, leases, or other obligations, but we may decide to offer indirect financing in the future.

**ITEM 11  
FRANCHISOR'S OBLIGATIONS**

Except as listed below, we need not provide any assistance to you.

Pre-opening Obligations

We are required by the Franchise Agreement and Area Development Agreement to provide certain assistance and service to you.

Franchise Agreement. Before you open your Franchised Business:

1. We will make available, at no charge to you, specifications for the basic business set-up, fixtures, furnishings and equipment required to operate the business, including suggested equipment manufactures; though Franchisee is under no obligation to purchase from any specific supplier or manufacturer. (Section 3.1 of the Franchise Agreement)

2. We will provide you and one employee with our standard initial training program (unless you are an area developer and the Franchise Agreement is for your third or subsequent Franchised Business). (Training is also discussed below in this Item 11 under the subheading "Training.") We will be responsible for the cost of instruction and materials, subject to the terms stated in the Franchise Agreement and you will be responsible for the costs related to travel, meals, lodging and other related expenses for you and your employee(s). (Sections 3.2 and 6 of the Franchise Agreement)

3. We will provide training for additional staff at your request at the additional training fee of \$100 per person, per day; when attending the Initial Training at the same time that you attend, and you will be responsible for all related travel and lodging expenses. (Section 3.2.1 of the Franchise Agreement)

4. We will loan to you during the term of the Franchise Agreement one copy of our confidential operations manual, which may contain one or more handbooks or manuals and other written materials (collectively, the "Manual"). The Manual will contain mandatory and suggested specifications, standards and operating procedures which we will intermittently prescribe for Franchise Units, and information about your other obligations under the Franchise Agreement. The Manual may be occasionally modified to reflect changes in the authorized services, standards, operating procedures, nonprofessional specifications and other aspects of the System and the operation of the Franchise Unit. (Section 3.3 of the Franchise Agreement)

5. We will provide you a list of our then-current designated or approved suppliers. (Franchise Agreement, Section 3.7)

6. While not specifically obligated to do so under the Franchise Agreement, provide you with guidance in selecting a location for the franchise. The site will be approved by us prior to the execution of the Franchise Agreement; (Franchise Agreement - Section 3.10)

### Training

Before your Franchised Business opens, you must complete all of our initial training requirements. Unless you are an area developer and you are opening your third or subsequent Franchised Business (the differing requirements for area developers are described below) you (or, if you are other than an individual, your Designated Principal) and, if applicable, an additional Facilitator, or General Manager must attend and successfully complete, to our satisfaction, the initial training program that we offer and which will take place at our headquarters in Ontario, California. Estrada Strategies will normally run training programs bi-monthly, or as required. (See Item 15 for details regarding our requirements for the management and operation of the Franchised Business). Additionally, we may also require that other persons, up to one additional person who will operate a Facilitator and/or the General Manager if you will not directly run the day to day operations; must attend and successfully complete the initial training program. Estrada Strategies will bear the cost of all training (instruction and required materials), for the initial training program and all other training, except as described below additional training and assistance that we provide at your Franchised Business. You will bear all other expenses incurred in attending training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance (see Items 6 and 7 of this offering circular). If you are an area developer, then by the time you are developing your third Franchised Business, you must be prepared (by meeting all of our requirements) to train the General Manager and other managerial personnel for your third and subsequent Franchised Business. This requires that you have management personnel who have completed to our satisfaction our initial training program and who continue to meet our standards and requirements for providing this training to other managers, and that you conduct the training of these additional managers according to the programs and requirements that we specify in the Manual(s) and other written materials. If we determine that you or your managers do not meet these requirements, we may require that your additional managers attend and complete the initial training program we provide for new franchisees.

If you (or the Designated Principal) or the General Manager cease active employment in the Franchised Business, then you must enroll a qualified replacement (who must be reasonably acceptable to Estrada Strategies) in our initial training program promptly following cessation of employment of the individual, provided that you may train General Managers in accordance with Section 6.3 of the Franchise Agreement. The replacement Designated Principal and any required managers will complete the initial training program as soon as is practicable and in no

event, later than any time periods we specify from time to time in the Manual(s) and otherwise in writing. Replacement managers must be trained according to our standards and you may be permitted to provide such training directly, provided you meet our then-current standards for qualifying as a training facility. Estrada Strategies have the right to review any personnel you trained and to require that such persons attend and complete, to our satisfaction, our initial training program.

We provide Initial Training, which lasts for approximately 5 days, at our corporate headquarters in Ontario, California. We anticipate offering Initial Training on a bi-monthly basis. You or the initially appointed manager must attend Initial Training within 3 months of signing the Franchise Agreement. Initial Training covers the subjects listed in the table below. There is no separate charge for Initial Training for you and one other person. As part of Initial Training, we will also spend approximately 2 days with you at your location, generally in conjunction with your initial marketing activities. Instructional materials include text, handouts, overhead slides, videotapes and the Operations Manual. You are solely responsible for all expenses of attending Initial Training including travel, lodging, meals, miscellaneous expenses and employee compensation of those attending. Initial Training is mandatory. We may require you to attend other training programs during the term of the franchise, including regional or national franchise conferences. Estrada Strategies have the right to change the duration and content of our initial training program.

The following chart describes Initial Training:

<b>SUBJECT</b>	<b>INSTRUCTIONAL MATERIALS</b>	<b>HOURS OF CLASS ROOM TRAINING</b>	<b>INSTRUCTOR</b>
Company History	Material, other sample material	2	LINDA GELLIS
Business Overview	Material, other sample material	2	MARK ESTRADA
ES CEO Club Concept	Material, other sample material	4	RUBEN ESTRADA
Introduction to Estrada ERP Intranet Training	Laptop/projector	5	Ruben Estrada
Sales & Marketing Techniques to Attract ES CEO Club Members	Material, other sample material	4	LINDA GELLIS, MARK ESTRADA
The Initial Interview with Potential ES CEO Club Members	Material, other sample material	2	RUBEN ESTRADA
The ES CEO Club Program	Material, other sample material	2	RUBEN ESTRADA
ES CEO Club Training and Behavioral Modification Materials, review of Operations Manual	Material, other sample material	8	RUBEN ESTRADA
ES CEO Club Program Presentation Skills	Material, other sample material	2	RUBEN ESTRADA
Role Play Activity; Facilitated Practice; Individual Practice	Material, other sample material	1	RUBEN ESTRADA
Business Plan & Marketing Plan	Material, other sample material	2	RUBEN ESTRADA
Organizational & Administration Details	Material, other sample material	2	LINDA GELLIS
Wrap Up/Review		1	ALL STAFF
Field Support/Training at Your Location	Not Applicable	Approximately 2 days at your location for your initial CEO Club Opening (no additional charge)	Staff

Our primary training instructors are Ruben Estrada, Linda Gellis and Mark Estrada who have been with us since our incorporation. Information concerning their background and experience is disclosed in Item 2.

At the orientation session, you will also have an opportunity to review our Operations Manual. You must strictly comply with the terms of the Operations Manual in operating your Franchise. We may change the Operations Manual and you must comply with those changes. The table of contents of the Operations Manual as of the date of this offering circular is as follows:

Topic	Total Pages
I. Introduction	
A. Welcome to the Estrada Strategies Franchise Family	1
B. History & Overview	1
C. Franchisee Obligations	3
D. Estrada Strategies Products	4
E. Pre-Opening	
A. Establishing an Office	2
B. Initial Inventory	1
I Corporate Culture	6
II. Growth Systems	10
III. Client Retention Systems	8
IV. Administrative Systems	5
V. Operational Systems	7
VI. Information Technology Systems	10
VII. Finance Systems	3
Total Pages: 58	

### Continuing Obligations

We are required by the Franchise Agreement to provide certain assistance and service to you. During the operation of your Franchised Business:

1. We will review and will have the right to approve or disapprove all advertising and promotional materials that you propose to use. In the future when there are enough franchisees, we may establish and administer the National or Cooperative Ad Funds. (Section 3.4 of the Franchise Agreement)

2. We may provide periodic advice or offer guidance to you in the marketing, management, and operation of the Franchised Business as we determine at the time(s) and in the manner determined by Estrada Strategies. (Section 3.5 of the Franchise Agreement)

3. We will conduct, as we deem advisable, inspections of the operation of the Franchised Business. (Section 3.6 of the Franchise Agreement)

4. We will, in the Manual(s) (or otherwise in writing as determined by us), provide you with a list of suppliers designated and/or approved by us to supply products, signage, materials and services to franchisees in the System. (Section 3.7 of the Franchise Agreement)

5. On a regular basis, we will provide you with a monthly Web Based Franchise Owners Tele-club designed to familiarize you and your facilitators with the up-coming month's curriculum and sharing of best practices. In addition, we will provide thirty (30) minute, weekly one-on-one phone coaching to you during the term of the franchise. (Section 3.9 of the Franchise Agreement)

6. We will make available additional training programs, as we deem appropriate. (Sections 6.4, 6.7 of the Franchise Agreement)

7. We will give you periodic and continuing advisory assistance as to the operation and promotion of the Franchised Business, as we deem advisable. (Franchise Agreement, Section 3.7)

8. We will have the right, at our sole discretion, to establish and administer the National Ad Fund as stated in the Franchise Agreement and as described below in this Item 11. (Franchise Agreement, Section 13.2)

The Franchise Agreement does not require us to provide any other assistance or services to you during the operation of the Franchised Business. As the Development Agreement relates to the development of Franchised Business, the Development Agreement does not require us to provide any other assistance or services during the operation of the Franchised Business.

#### **Development Agreement:**

Except as listed below, we need not provide any assistance to you under the Development Agreement.

We will provide you with the same assistance and support as outlined by each Single Unit Franchise Agreement. We are not required by the Franchise Agreement or Development Agreement to furnish any other service or assistance to you before the opening of your Franchised Business.

#### **Computer System and Proprietary Software**

You will need to acquire (either by purchase or lease) the computer hardware and software system (a "Computer System") that we may specify from time to time. (Franchise Agreement, Sections 7.1). The term Computer System refers to hardware, software for the management and operation of the Franchised Business and for reporting and sharing information with Estrada Strategies, including modems, cables, etc. Our requirements may fluctuate as does the price and availability of new computer technology. As of the date of this offering circular our requirements are described below.

Computer – Pentium Processor 4 CPU – 2.40 GHz with a minimum of 512 MB RAM; Color Monitor; Software – Microsoft ® Windows XP Professional and Microsoft Office Suite® Professional installed on the system; Printer – Black and White or Color with a minimum of 600 rendered dpi black and 1200 optimized dpi color; Fax machine with a minimum 33.6 K Modem. (HP Officejet 7410 All-in-One or similar Multi use printer will cover all of your needs for the printer, fax and copier, but is not a required item) You will also need to have cable or high speed internet hookup for accessing the internet and Intranet.

The hardware that we currently use and recommend is not proprietary to us, but, is proprietary property to the vendors you will purchase from. We do not currently require you to maintain the contracts for hardware and software maintenance, support and upgrade services for the Computer System you purchase or operate. The current, estimated costs for purchasing these services from the vendors are described in Item 7 of this offering circular.

The proprietary software (Estrada ERP) that is owned by Estrada Strategies, manages the Intranet through a preferred supplier from the contact relation ship management (CRM) to your financials; links your data base, financials and online franchise specific document management and storage; manages your calendar, on-line operations manual, intra company communications, relationship management and your links on our Estrada Strategies Website. The monthly user fee for the Intranet is presently \$159 per user, per month.

We reserve the right to change our specifications in the future to take advantage of technological advances or to adapt the system to meet operational needs and changes. We may require you to bring any computer hardware and software, related peripheral equipment, or communications systems into conformity with our then-current standards for new ES CEO Club franchises. In connection with a proprietary program in the future, we or an approved vendor may require you to sign a license or maintenance agreement in order to obtain and use the proprietary program. Other than providing you with information regarding our specifications and requirements for the Computer System, we are not required to assist you in obtaining hardware, software or related services. We will endeavor to keep these changes infrequent and reasonable in cost, but the Franchise Agreement does not impose a limit as to the number or cost of such changes to the Computer System.

We have also established a Intranet providing private and secure communications between us, our franchisees, and other persons and entities that we determine appropriate, which requires you to have high speed internet access at all times. We require you to establish and maintain access to the extranet in the manner we designate. Additionally, we may from time to time prepare agreements and policies concerning the use of the Intranet that you must acknowledge and/or sign. (Franchise Agreement, Section 7.5)

### Estrada Strategies Websites

Estrada Strategies websites are considered as “advertising” under the Franchise Agreement, and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement (Section 7.6), the term “Estrada Strategies website” means an interactive electronic document, contained in a network of computers linked by communications software that we operate or authorize others to operate and that refers to the Franchised Business, Proprietary Marks, Estrada Strategies, or the System. The term Estrada Strategies website includes, but is not limited to, Internet and World Wide Estrada Strategies home pages. In connection with any website, the Franchise Agreement provides that you may not establish a website, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary Mark, through the Internet.

### Advertising

Recognizing the value of advertising, and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, we reserve the right to require you to expend on advertising and promotion, or to participate in and contribute for the purpose of advertising and promotion, each year during the term of the Franchise Agreement (the “Advertising Obligations”). Additionally, you agree to spend a minimum of \$300 per month in your local DMA on the advertising and networking of your CEO Club Franchise. We have the right to require you to contribute to the National Ad Fund, and/or contribute to a Cooperative Fund at any time in the future. See Item 6 for a summary of the total amount we can require you to expend on advertising and promotion.

From the experience of our officers, we have determined that the best marketing for this business is networking and face to face meetings with the potential clients to fully describe the ES CEO Club and discuss their individual needs. With that understanding, you will normally be required to focus on networking events and meetings that will allow you to meet with potential clients face to face. Additionally, you will use the Direct Mail Postcards that can be ordered through the Intranet; and one (1) sheet flyer invitations to executive briefings, that can be accessed via the Intranet and printed locally. (Section 13.1.1 of the Franchise Agreement)

### National Ad Fund

We may establish a National Ad Fund in the future and all franchisees will be required to participate and contribute to the fund not to exceed \$300 per month. (Section 13.2 of the Franchise Agreement)

We expect that we will typically disseminate advertising in one or more of print, radio, television or other electronic media.

At such time that a National Ad Fund is established, we (or our designee, which might be a corporate subsidiary or an advertising agency or consulting firm) will maintain and administer the National Ad Fund, as follows: (Section 13.2 of the Franchise Agreement)

- (a) We (or our designee) will direct all advertising programs, with the sole right to decide the concepts, materials, and media used in these programs and the placement and allocation of the programs. The National Ad Fund is intended to maximize general public recognition, acceptance, and use of the System. Neither we nor our designee will be obligated to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or *pro rata* from expenditures by the National Ad Fund. (Section 13.2.1 of the Franchise Agreement)

- (b) The National Ad Fund, and all contributions to and earnings from the National Ad Fund, will be used exclusively to meet the costs of marketing and any other activities that we believe will enhance the System's image and, in our sole discretion, promote general public awareness of and favorable support for the System. This includes, among other things, the costs of preparing and conducting media advertising campaigns; providing an annual audited account of the ad fund to all franchisees who request it; direct mail advertising; marketing surveys and other public relations activities; developing and maintaining our website (except for the portion, if any, specifically relating to soliciting franchisees); employing advertising or public relations agencies; purchasing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; and providing promotional and other marketing materials and services to the ES CEO Club franchises operated under the System. (Section 13.2.2 of the Franchise Agreement)
- (c) You must contribute to the National Ad Fund by EFT (electronic fund transfer) by the 10th day of the month for the prior month (see also Item 6, note 2). All sums you pay to the National Ad Fund will be maintained in an account separate from our other monies. The System Ad Fund is not and will not be our asset, and we or our designee will maintain separate bookkeeping accounts for the National Ad Fund. We may charge the National Ad Fund for the reasonable administrative costs and overhead that we incur in activities reasonably related to the direction and implementation of the National Ad Fund and advertising programs for you and the System, and they will not exceed 15%. The National Ad Fund and its earnings will not otherwise inure to our benefit or be used to solicit the sale of franchises.
- (d) We may make available to franchisee from time to time, marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, and similar marketing and promotional materials produced from contributions to the National Ad Fund. Additionally, we may sell such items to franchisees in the System at a reasonable price, and any proceeds from any those sales will be contributed to the Fund. (Section 13.2.6 of the Franchise Agreement)
- (e) If all of the money in the National Ad Fund is not used in the year in which it is received, these amounts will be used in the next fiscal year. Although the National Ad Fund is intended to be of perpetual duration, we maintain the right to terminate the National Ad Fund. The National Ad Fund will not be terminated, however, until all monies in the National Ad Fund have been spent for advertising or promotional purposes.
- (f) We will provide you with an accounting of the National Ad Fund on an annual basis. (Section 13.2.4 of the Franchise Agreement)

The ES CEO Club outlet or franchises owned by the principals will contribute to the National Ad Fund or Cooperative Fund on the same basis as franchisees in the System, generally, are required to contribute. As of the date of this offering circular, there are no franchisee advertising councils.

#### Local Advertising and Promotion

Certain criteria will apply to any local advertising and promotion that you conduct. All of your local advertising and promotion must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You may not use any advertising or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans and materials. If we do not give our written disapproval within five days, we will have been deemed to have approved the plans or materials. (Sections 13.3 and 13.4 of the Franchise Agreement)

All copyrights in and to advertising and promotional materials you develop (or that are developed for you) will become our sole property. You must sign the documents (and, if necessary, require your independent contractors to sign the documents) that we deem necessary to implement this provision.

As used in the Franchise Agreement, the term "local advertising and promotion" refers to only the costs of purchasing and producing advertising materials (such as camera-ready advertising), media (space or time),

promotion, and your direct out-of-pocket expenses related to costs of advertising and sales promotion in your local market or area. Local advertising and promotion also includes associated advertising agency fees and expenses, postage, shipping, telephone, and photocopying costs. "Advertising and sales promotion" does not, however, include any of the following: salaries and expenses of your employees; charitable, political, or other contributions or donations; and the value of discounts given to customers.

Additionally, we may require that you or your Designated Principal and General Manager attend such refresher courses, seminars, and other training programs as we may require from time to time, provided that required refresher and additional training will not exceed (a) seven days (per trainee) each year at our headquarters in Ontario, California, and (b) three days (per trainee) each year to attend a convention for the franchise system. We may also offer voluntary training programs. If these refresher and additional training programs are conducted at our headquarters in California, we will bear the costs associated with providing these training programs. However, if you request that we provide any of this training at your Franchised Business, and we do so, we may charge you our then-current per diem training fee for the additional training provided; and you will also have to reimburse Estrada Strategies for all out of pocket costs and expenses associated with the additional training, including lodging, food and travel arrangements of the trainers. (see Item 6 regarding the costs).

### **Opening of Franchised Business**

We estimate that the time period between the signing of the Franchise Agreement and the start of operations will be approximately one to three months. Factors that may affect this time period include your ability to obtain financing, if required; your current situation of business and if you will operate the business yourself or hire a manager; and scheduling and attending the training.

## **ITEM 12** **TERRITORY**

### **Franchise Agreement and Development Agreement**

The following describes how Territories and Development Areas are determined, and the rights that you and we have under the Franchise Agreement and the Development Agreement.

#### **Franchise Agreement**

You are awarded the right to operate a Franchise Unit in a Demographic Market Area (DMA), which is described in Exhibit A of the Franchise Agreement. The DMA will be described by zip codes. There may be additional franchisees in the DMA who will also solicit as members, others who also reside in the DMA. Our intent is to operate or grant one franchise for every 6,500 licensed business in the DMA based on then-current United States Census ([Censusstats.census.gov](http://Censusstats.census.gov)) information or other reliable type information. If we operate or grant additional franchises in the DMA, we agree not to locate our premises or permit another franchisee to establish its premises within 1 mile of your approved Premises.

The total number of franchise units to be located in an area is based on the number of licensed business in a county divided by 6,500 to determine how many can be put in a county, but they can be no closer than a mile apart. An example for reference would be in Los Angeles County, California with a total of 235,085 businesses with employees allowing for 35 franchise units; and 742,767 licensed businesses with no employees to be calculated at 30% of the demographics for an additional 33 franchise units, bringing the total to 68 franchise units in Los Angeles County.

Unless you sign our Area Development Agreement to develop a specific area, you do not receive the right to acquire additional franchises within your DMA, contiguous areas or elsewhere.

With our approval, you may relocate the Premises of the Franchise Unit to a site within the DMA if you wish to upgrade facilities or make them more convenient to your Members, your lease expires or terminates, the Premises are damaged, condemned or rendered unusable or if there is a sufficiently detrimental change in the character of the location to warrant relocation. You must pay all relocation expenses.

The continuing of your rights is not dependent upon achievement of any sales volume, market penetration or other contingency except that you are required to make required the minimum monthly royalties described below and in Item 6.

You are required to pay us a "Minimum Royalty Fee" of \$500 per month for months 3-12 after the opening of your Franchise Unit; \$1,000 for months 13-36 after the opening of your Franchise Unit; and \$1,500 thereafter through the term of the Franchise Agreement.

We have not established other franchises or company-owned outlets or another distribution channels selling or leasing similar products or services under a different trademark. Estrada Strategies describes earlier in this Item 12 what we may do anywhere.

#### Area Development Agreement

If you sign an Area Development Agreement, the Development Agreement will specify the Development Area, within which you may locate ES CEO Club franchises, and/or market to prospective customers in. The size and scope of the Development Area will be determined as outlined in the second paragraph above of this Section 12, as we mutually agree on before signing the Development Agreement and will be specified in the Development Agreement. The factors that we consider in determining the size of a Development Area will be based on the number of licensed businesses within the area. During the term of the Development Agreement, if you comply with the obligations under the Development Agreement, and all of the Franchise Agreements between you (and your affiliates) and Estrada Strategies, we will not establish or operate, or license anyone other than you to establish or operate, a ES CEO Club franchise in the Development Area we designate for you as an Area Developer. Except as described below, there are no circumstances under which the Development Agreement may be altered before expiration or termination of the Development Agreement. Your territorial protection is not dependent on achievement of a certain sales volume, market penetration, or other factors, other than compliance with the Development Agreement and Development Schedule.

If you do not comply with a deadline under the Development Schedule, attached to the Area Development Agreement (a "Missed Deadline"), you will be in default under the Development Agreement. For one Missed Deadline, we will provide you with an opportunity to cure your default and we will determine and notify you of a new deadline for that one Missed Deadline (without changing the remainder of the Development Schedule). If you fail to come into compliance by that new deadline, and/or on the occurrence of a second Missed Deadline, we may terminate your Development Agreement, or we may elect to take one or more of the following actions: (a) cease crediting the Area Development Fees paid towards the Franchise Fees for the Franchised Business to be developed (see Item 5 for explanation of credits); (b) eliminate the limited exclusivity, or reduce the scope of protections, granted to you within the Development Area; (c) reduce the scope of the Development Area; (d) reduce the number of Franchised Business for you to develop; (e) retain all Area Development Fees paid to Estrada Strategies. If we elect to take one or more of these actions, we will provide written notice of such action, and the Development Agreement will be amended to reflect the changes.

#### Our Reserved Rights under the Franchise Agreement and Development Agreement

Under both the Franchise Agreement and Development Agreement, we and our affiliates retain all the rights that we do not specifically grant to you. Among the rights that we retain are the following (the following is only for purposes of illustration and is not meant to limit our rights):

Subject to the above, we reserve the right to: (1) operate or grant others the right to operate Franchise Units inside and outside of the DMA; (2) offer to anyone, including all Estrada Strategies CEO Club Members of any Franchise Unit, potential Estrada Strategies CEO Club Members of any Franchise Unit and others, seminars, workshops, products and training programs, etc. wherever located, periodically; and (3) sell and license services and products of any type not licensed by the Franchise Agreement, using the Marks or other commercial symbols through any distribution channels; (4) engage in any other business activities not expressly prohibited by the Franchise Agreement, anywhere.

“Any distribution channels” include electronic presentations via computer networks (including the World Wide Web, other areas of the Internet or other on-line networks), satellite broadcasts, private cable hookups; audio tapes; videotapes; DVDs; CD-ROMs; computer programs; conference calls; catalogues; direct mail; books; newsletters; and other communications methods of any nature now devised or devised in the future.

**ITEM 13  
TRADEMARKS**

The Development Agreement does not allow you to use the Proprietary Marks. The Franchise Agreement will allow you to use the Proprietary Marks for your Franchised Business. Our affiliate, ES LLC is the owner of the Proprietary Marks; has registered them with the United States Trademark and Patent Office on the Principal Register as of the date below; and granted to us the right to use the Principal Marks, as well as the remainder of the Marks, to operate and grant franchises for operation of ES CEO Club Franchises in the United States and around the world during the term of the Franchise Agreement and all subsequent renewals. ES LLC further agreed that it would not establish a ES CEO Club, or license any third party to do so, in the DMA of any franchise granted by us.

Mark	Serial Number/ Registration Number	Filing Date/ Registration Date	First Use in Commerce	Type of Mark
ESTRADA STRATEGIES	78968619/NA	09/06/2006/NA	03/01/2000	Service Mark
ESTRADA STRATEGIES YOUR NEXT MOVE	78968601/NA	09/06/2006/NA	06/02/2006	Service mark

You must follow our rules when you use these marks. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those that we franchise to you. You may not use the ES CEO Club registered name in the sale of an unauthorized product or service without written authorization by Estrada Strategies.

**By not having a Principal Register federal registration for Estrada Strategies, Franchisor does not have certain presumptive legal rights granted by a registration.**

No agreements limit our right to use or franchise the use of the trademarks.

We do not know of any infringing uses that could materially affect the use of the Proprietary Mark(s).

You must promptly notify us of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Proprietary Marks. Estrada Strategies have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. Estrada Strategies have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. Estrada Strategies will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. However, if we determine that you have used the Proprietary Marks in accordance with the Franchise Agreement you have signed to operate the Franchised Business, we will bear the cost of defense, including the cost of any judgment or settlement. If we determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement you have signed to operate the Franchised Business, you must bear the cost of defense, including the cost of any judgment or settlement. If there is any litigation relating to your use of the Proprietary Marks, you must sign all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action. Unless litigation results from your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement we will also reimburse you for your out-of-pocket costs.

Estrada Strategies reserve the right to substitute different proprietary marks for use in identifying the System and the ES CEO Club franchises operating under it if we, in our sole discretion, determine that substitution of different

marks as Proprietary Marks will be beneficial to the System. You must promptly implement any substitution of new Proprietary Marks.

You must not use the Proprietary Marks (including our service marks) as part of your corporate, partnership, or other legal name, or to identify you or your Franchised Business in any other legal activity, or as part of any e-mail address, domain name, or other identification of you or your Franchised Business in any electronic medium, unless agreed to in advance, in writing, by Estrada Strategies. As necessary to conduct the business of your Franchised Business and obtain business permits for the operation of your Franchised Business, you may indicate that your Franchised Business will be doing business under the trade name "ES CEO Club franchises" provided that you clearly identify yourself as the owner and operator of the Franchised Business and properly identify the legal name under which you (or your business entity) will be acting.

#### **ITEM 14**

#### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

##### Patents

No patents are material to the operation of your Franchised Business.

##### Copyrights

We claim statutory copyright protection covering various materials used in our business and the development and operation of ES CEO Club franchises, including the Manual(s), training materials, Educational Component modules we produce, the Intranet Proprietary Software of our affiliate ES LLC, advertising and promotional materials, and similar materials. We have not registered these materials with the United States Registrar of Copyrights, but we are not required to do so.

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. Estrada Strategies do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires Estrada Strategies to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditure you make because of any discontinuance or modification.

All rights, title, and interest in advertising and promotional materials that you develop or prepare (or that are prepared by someone on your behalf) or that bear any Proprietary Marks will belong to Estrada Strategies. You must sign any documents we reasonably deem necessary to evidence our right, title, and interest in and to any advertising and promotional materials. Estrada Strategies will have the right to use these materials and to provide them to other franchisees and advertising funds and programs of the System, without compensation to you, regardless of how the materials were developed. Additionally, we may from time to time require that you sign a license agreement for the use of proprietary materials that we provide to you in an electronic format.

##### Confidential Information

We possess and will develop and acquire certain confidential and proprietary information and trade secrets including: (a) the business methods, techniques, specifications, standards, procedures and formats of the System; (b) policies, procedures, information, concepts, systems, and knowledge of and experience in the development, operation and franchising of the ES CEO Club businesses, including information which comprises the System; and (c) marketing programs for the Franchise Units (the "Confidential Information").

Except for the purpose of operating the Franchised Business under a Franchise Agreement and developing Franchised Business under an Area Development Agreement, you may never (during Franchise Agreement's term or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know-how concerning the development and operation of the Franchised Business that may be communicated to you

or that you may learn by virtue of your operation of a ES CEO Club franchises. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Franchised Business. Any information, knowledge, know-how, or techniques that we designate as confidential will be deemed "confidential" for purposes of the Franchise Agreement and the Development Agreement. However, this will not include information that you can show came to your attention before we disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

In addition, we may require you, your Designated Principal, other owners, managers, and your employees with access to confidential information to sign confidentiality and non-competition agreements. Each of these covenants must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Franchised Business. These agreements must be in a form that we find satisfactory, and must include, among other things, specific identification of our company as a third party beneficiary with the independent right to enforce the covenants. Our current forms for this agreement are included in Exhibit F to the Franchise Agreement (which is included in this offering circular).

#### Confidential Manual(s)

In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you must conduct your business in accordance with the Manual(s). We will lend you one set of our Manual for the term of the Franchise Agreement, which you must return to us at the expiration or termination of the Franchise Agreement. The Manual(s) may consist of multiple volumes of printed text, computer disks, other electronic stored data, videotapes, and periodic updates or bulletins that we issue to franchisees and others operating under the System. You must treat the Manual(s), all supplements and revisions to the Manual(s), including bulletins and the information contained in them, as confidential, and must use best efforts to maintain this information (whether in written or electronic format) as secret and confidential. You must not reproduce these materials (except for the parts of the Manual(s) that are meant for you to copy, which we will clearly mark as such) or otherwise make them available to any unauthorized person. The Manual(s) will remain our sole property. You must keep them in a secure place on the Franchised Business premises.

We may revise the contents of the Manual(s), and you must comply with each new or changed standard. We will notify you in writing of revisions to the Manual(s). You must ensure that the Manual(s) are kept current at all times. If there is a dispute as to the contents of the Manual(s), the terms of the master copies that we maintain at our home office will control.

### **ITEM 15**

#### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

Under the Franchise Agreement, you (or if you are an entity, your Designated Principal) must be involved in the general oversight and management of the operations of the Franchised Business. If, however, you or your Designated Operator will not assume full-time responsibility for the daily supervision and operation of your Franchised Business, then you must employ a full-time general manager (the "General Manager"), with qualifications reasonably acceptable to us and who successfully completes (to our satisfaction) our initial training program. We will have the right to rely on the Designated Principal or General Manager to have the responsibility and decision-making authority regarding your business and operations. The General Manager will be the Facilitator of the coaching and training and you may not change the designation of the General Manager without our prior written consent; and the General Manager may not engage in any other business or activity, directly or indirectly, which requires substantial management responsibility, time commitments, or otherwise may conflict with his or her obligations under the Franchise Agreement.

You recognize that continuous marketing and availability of the products and services to customers and the public is essential to the adequate promotion of all ES CEO Club franchises and that any failure to provide such availability affects Estrada Strategies and other franchisees both locally and nationally. You shall operate your business during normal business hours and normal business days. We will not specify specific times and days that you are to be operational. You will have to determine what schedule is best for you and for your customers to market your franchised business successfully.

Under the Development Agreement, you (or if you are an entity, your Designated Principal) must be involved in the general oversight and development of the Franchised Business, as well as the operations of the Franchised Business that are developed under the Development Agreement. Under the Development Agreement you will be responsible for providing the initial training as outlined in the chart in Item 11 above to your staff for your third and subsequent franchises. Estrada Strategies will have the right to rely on the Designated Principal to have the responsibility and decision-making authority regarding your business and operations.

Under both a Franchise Agreement and an Area Development Agreement, if you are other than an individual, we may require that your owners personally sign a guaranty (in the forms included as Exhibit E to the Franchise Agreement and Exhibit D to the Development Agreement), guaranteeing the legal entity's obligations under that agreement. Additionally, you or your owners and your employees with access to confidential information who have received training, who have had access to confidential information, may be required to sign covenants to maintain confidentiality and not compete with businesses under the System (our current forms for this agreement are included in Exhibit F to the Franchise Agreement). See Items 14 and 17 for a description of these obligations.

**ITEM 16**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

To maintain a uniform standard of operation, you must conduct the Franchise in strict compliance with the Franchise Agreement. You may provide only those services, products, meetings, continuing education and consulting authorized and approved by us. All meetings, continuing education and consulting provided by you to members must be presented in the format and manner designated by us. You must use the training materials we provide to you. You are not permitted to solicit or provide independent or other sales training or consulting services to Members or others except as specifically provided for in the training materials and encompassed in the franchise business model.

We may modify the approved services at our sole discretion. We also reserve the right to add additional services, programs and materials to those you may currently offer and to withdraw services, programs and materials that are currently offered. To use new services, programs and materials, you may be required to attend additional training, meet new standards, pay a fee or make specific purchases. If you decline to offer the new services, programs and materials, we may or may authorize someone else to do so in your Market Area.

Under the terms of the Franchise Agreement, you will agree that all monthly coaching must be pre-scheduled and all coaching and training must be kept; monthly CEO classes are calendared 12 months out and kept; Teleclub sessions are calendared 12 months out and kept. Your client(s) must receive minimum notice of 1 week advance of all appointments or classes with and for a client. NOTE: Teleclub sessions are scaled down versions of the CEO Club to businesses who want the coaching but cannot afford the costs of the CEO Club. Details of the CEO Club and Teleclub are proprietary to us and will be more fully described to you in our one on one meetings during the franchise review process.

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

The tables list certain important terms of the franchise and related agreements. You should read these terms in the agreements attached to this offering circular.

Provision	Section in Franchise Agreement	Summary
(a) Length of the term of the franchise	Section 2.1	5 years.
(b) Renewal or extension of the term	Section 2.2	Additional 5 years terms.

Provision	Section in Franchise Agreement	Summary
(c) Requirements for you to renew or extend	Section 2.2	Notice, satisfaction of monetary obligations, compliance with Franchise Agreement, mutual release, sign new Franchise Agreement, pay renewal fee, and others; see §§ 2.2.1 - 2.2.9 in Franchise Agreement.
(d) Termination by you	None	
(e) Termination by us without cause	None	
(f) Termination by us with cause	Section 16	Default under Franchise Agreement, bankruptcy, abandonment, and other grounds; failure to open within 90 days; loss of right to transact business; unlawful transfer of rights; failure to comply with covenants; unlawful disclosure of Manuals, etc.; unauthorized use of proprietary materials and Marks; repeated defaults exceeding 3 or more within 12 months; failure to pay fees; cancelling of coaching sessions; see § 16 of the Franchise Agreement. Under the U.S. Bankruptcy Code, we may not be able to terminate the agreement merely because of a bankruptcy filing.
(g) "Cause" defined – defaults which can be cured	Sections 16.3 and 16.4	All other defaults not specified in §§ 16.1 and 16.2 of the Franchise Agreement
(h) "Cause" defined – defaults which cannot be cured	Sections 16.1 and 16.2	Bankruptcy, abandonment, conviction of felony, and others; see § 16.2. of the Franchise Agreement (Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.)
(i) Your obligations on termination/non-renewal	Section 17	Cease operating the Franchised Business, payment of amounts due, return all manuals, Logo Specific materials, and others; see §§ 17.1 – 17.10 of the Franchise Agreement.
(j) Assignment of contract by Us	Section 15.1	There are no limits on our right to assign the Franchise Agreement.
(k) "Transfer" by you-defined	Section 15.2	Includes transfer of any interest.
(l) Our approval of transfer by you	Section 15.2	We have the right to approve transfers and can apply standards to determine (for example) whether the proposed transferee meets our requirements for a new franchisee.
(m) Conditions for our approval of transfer by you	Sections 15.3 and 15.4	Release, signature of new Franchise Agreement, payment of transfer fee, and others; see §§ 15.3.1 – 15.3.11 and 15.4 of the Franchise Agreement.

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
(n) Our right of first refusal to acquire your business	Section 15.6	We can match any offer.
(o) Our option to purchase your business	Section 15.6	
(p) Your death or disability	Sections 15.7, 15.8, and 19.9	Your estate must transfer your interest in the Franchised Business to a third party we have approved, within a year after death or six months after the onset of disability.
(q) Non-competition covenants during the term of the franchise	Sections 18.2 and 18.5	Includes prohibition on engaging in any other business offering predominantly coupon related advertising; and soliciting or diverting customers to other businesses; and others; see § 18.2 of the Franchise Agreement.
(r) Non-competition covenants after the franchise is terminated or expires	Sections 18.3 and 18.5	Includes a two year prohibition similar to "q" (above), within the DMA, or within 1 mile of any ES CEO Club franchises then-operating under the System anywhere.
(s) Modification of the agreement	Section 25	Must be in writing signed by both parties.
(t) Integration/merger clause	Section 25	Only the final written terms of the Franchise Agreement are binding.
(u) Dispute resolution by arbitration or mediation	Section 27.2	Before bringing an action in court, the parties must first submit (except for injunctive relief) the dispute to non-binding mediation by the American Arbitration Association.
(v) Choice of forum	Section 27.3	All arbitrations and litigations must be conducted in the city where we have our headquarters in Ontario, CA.
(w) Choice of law	Section 2641	California

#### **AREA DEVELOPER CHART**

<b>Provision</b>	<b>Section in Area Development Agreement</b>	<b>Summary</b>
(a) Length of the term of the franchise	Attachment A of Development Agreement	Last date in Development Schedule
(b) Renewal or extension of the term	None	
(c) Requirements for you to renew or extend	None	
(d) Termination by you	None	
(e) Termination by Us without cause	None	

<b>Provision</b>	<b>Section in Area Development Agreement</b>	<b>Summary</b>
(f) Termination by Us with cause	§ 6	We can terminate if you default.
(g) "Cause" defined – defaults which can be cured	§§ 6.3 and 6.4	All other defaults not specified in §§ 6.1 and 6.2 of Development Agreement.
(h) "Cause" defined – defaults which cannot be cured	§§ 6.1 and 6.2	Bankruptcy; repeated failures to meet requirements; or failure to cure a default under, of Development Schedule; termination of any individual Franchise Agreement for a Franchised Business operated by you or a person or entity affiliated with you.
(i) Your obligations on termination/non-renewal	§ 6.6	Cease establishing or operating Franchised Business under the System for which Franchise Agreements have not been signed at the time of termination and compliance with covenants.
(j) Assignment of contract by Us	§ 7.1	There are no limits on our right to assign the Development Agreement.
(k) "Transfer" by you-defined	§ 7.2	Includes a transfer of an interest in the Development Agreement, developer entity, or any material asset of your business.
(l) Our approval of transfer by you	§ 7.2	We have the right to approve transfers.
(m) Conditions for our approval of transfer by you	§§ 7.2 and 7.3	Any of the conditions for transfer described in the Franchise Agreement attached to the Development Agreement that we deem applicable, and simultaneous transfer of Franchise Agreements executed according to the Development Agreement.
(n) Our right of first refusal to acquire your business	None	
(o) Our option to purchase your business	None	
(p) Your death or disability	None	
(q) Non-competition covenants during the term of the franchise	§ 8.2	Includes prohibition on engaging in any other business offering coupon related advertising; and soliciting or diverting customers to other businesses; and others.

Provision	Section in Area Development Agreement	Summary
(r) Non-competition covenants after the franchise is terminated or expires	§ 8.3	Includes a two year prohibition similar to “q” (above), within the Development Area, or within 50 miles of any ES CEO Club franchises then-operating under the System located anywhere.
(s) Modification of the agreement	§ 15	Must be in writing executed by both parties.
(t) Integration/merger clause	§ 15	Only the terms of the Development Agreement are binding.
(u) Dispute resolution by arbitration or mediation	§ 16.2	Before bringing an action in court, the parties must first submit (except for injunctive relief) the dispute to non-binding mediation by the American Arbitration Association.
(v) Choice of forum	§ 16.3	If we ever litigate, you must do so in California.
(w) Choice of law	§ 15	California

The following states have statutes which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Section 72-204], CALIFORNIA [Sections 20021, 20025, 20026 and 20030], CONNECTICUT [Gen. Stat. Section 42-133f], DELAWARE [Code Sections 2551-2556], HAWAII [Rev. Stat. Section 482E-6], ILLINOIS [815 ILCS 705/1-705/44], INDIANA [Stat. Sections 23-2-2.5-1 and 23-2-2.7], IOWA [Code Sections 523H.7 and 523H.8], MICHIGAN [Stat. Section 445.1527(c)-(d)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-53], MISSOURI [Stat. Section 407.405], NEBRASKA [Rev. Stat. Section 87-404], NEW JERSEY [Stat. Section 56:10-5], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code 13.1-557-574-13.1-564], WASHINGTON [Code Section 19.100.180(i)-(j)], WISCONSIN [Stat. Sections 135.03; 135.04]. These and other states may have court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION IN THIS OFFERING CIRCULAR. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN AN ADDENDUM. Please refer to the disclosure addenda and contractual amendments appended to this offering circular for additional terms that may be required under applicable state law.

**ITEM 18**  
**PUBLIC FIGURES**

We do not use any public figure to promote our franchises.

**ITEM 19**  
**EARNINGS CLAIMS**

We do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual, average, projected, or forecasted sales, costs, income, profits, or cash flow of any ES CEO Club franchises. We recommend that you make your own independent investigation about your franchises potential financial performance, and that you consult with your attorney and other advisors before signing any agreement with us.

**ITEM 20  
LIST OF OUTLETS**

**FRANCHISED UNIT STATUS SUMMARY  
FOR FISCAL YEAR DECEMBER 31, 2005**

State	Transfer	Cancelled or Terminated	Not Renewed	Reacquired By Franchisor	Otherwise Left the System	Total From Left Columns (1)	Franchises Operating at Year End
Alabama	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Alaska	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Arizona	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Arkansas	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
California	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Colorado	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Connecticut	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Delaware	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
District of Columbia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Florida	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Georgia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Hawaii	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Idaho	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Illinois	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Indiana	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Iowa	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Kansas	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Kentucky	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Louisiana	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Maine	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Maryland	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Massachusetts	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Michigan	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Minnesota	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Mississippi	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Missouri	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Montana	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Nebraska	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Nevada	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
New Hampshire	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
New Jersey	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
New Mexico	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
New York	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
North Carolina	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
North Dakota	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Ohio	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Oklahoma	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Oregon	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Pennsylvania	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0

State	Transfer	Cancelled or Terminated	Not Renewed	Reacquired By Franchisor	Otherwise Left the System	Total From Left Columns (1)	Franchises Operating at Year End
Rhode Island	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
South Carolina	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
South Dakota	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Tennessee	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Texas	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Utah	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Vermont	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Virginia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Washington	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
West Virginia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Wisconsin	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Wyoming	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
TOTAL	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0

**Company-Owned Unit Activity Summary  
For Fiscal Year Ended December 31, 2005**

State	Units Closed During Year	Units Opened During Year	Total Units Operating At Fiscal Year-End
NONE	0/0/0	0/0/0	0/0/0
TOTALS	0/0/0	0/0/0	0/0/0

**Notes:**

- (1) The numbers are as of December 31 for each year.
- (2) States not listed had no units during the relevant period.

**PROJECTED OPENINGS  
THROUGH DECEMBER 31, 2006**

State	Franchises Sold But Not Opened as of 10/01/06	Franchises Projected To Be Sold in 2006	Projected New or Company Owned Business Openings in 2006
Alabama	0	0	0
Alaska	0	0	0
Arizona	0	0	0
Arkansas	0	0	0
California	0	1	0
Colorado	0	0	0
Connecticut	0	0	0
Delaware	0	0	0
District of Columbia	0	0	0
Florida	0	0	0
Georgia	0	0	0
Hawaii	0	0	0
Idaho	0	0	0
Illinois	0	0	0

State	Franchises Sold But Not Opened as of 10/01/06	Franchises Projected To Be Sold in 2006	Projected New or Company Owned Business Openings in 2006
Indiana	0	0	0
Iowa	0	0	0
Kansas	0	0	0
Kentucky	0	0	0
Louisiana	0	0	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	0	0	0
Michigan	0	0	0
Minnesota	0	0	0
Mississippi	0	0	0
Missouri	0	0	0
Montana	0	0	0
Nebraska	0	0	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	0	0	0
New Mexico	0	0	0
New York	0	0	0
North Carolina	0	0	0
North Dakota	0	0	0
Ohio	0	0	0
Oklahoma	0	0	0
Oregon	0	0	0
Pennsylvania	0	0	0
Rhode Island	0	0	0
South Carolina	0	0	0
South Dakota	0	0	0
Tennessee	0	0	0
Texas	0	0	0
Utah	0	0	0
Vermont	0	0	0
Virginia	0	0	0
Washington	0	0	0
West Virginia	0	0	0
Wisconsin	0	0	0
Wyoming	0	0	0
<b>TOTAL</b>	0	1	0

As of the date of this offering circular, there are no franchisees signed to us. A list of all franchisees and the addresses and telephone numbers of the franchisees are listed as Exhibit B to this Offering Circular. A list of the name, business address and telephone number of every franchisee, area franchisee and developer who has had their franchise terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or who has not communicated with us within ten (10) weeks of our application date is attached as Exhibit B-2.

**ITEM 21**  
**FINANCIAL STATEMENTS**

Attached as Exhibit H are the following financial statements for Estrada Strategies Franchise, Inc.: audited financial statements as of September 25, 2006. Our year end is December 31.

**ITEM 22**  
**CONTRACTS**

The following agreements are attached in to this offering circular:  
Exhibit B – Franchise Agreement, including the Area Developer Agreement and all related exhibits.

**ITEM 23**  
**RECEIPT**

Two copies of an acknowledgment of your receipt for this offering circular appear as the last pages of the offering circular. Please date, sign, and return one copy to us and keep the other with this offering circular for your records.

THE FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED WITH THE OFFERING CIRCULAR.